Amendments to the Specification

On page 11, edit the paragraph beginning on line 5 as follows:

a2

A program amount may be defined as the total loan amount less the cost of the loan. In the example discussed with respect to Example I – Part A and Part B provided as the last portion of this Detailed Desription ~~Appendix A and Appendix B~~, the program amount is $500M. In the preferred embodiment, the cost of loan fee is defined as 2% of the program amount + origination fee, wherein the origination fee may be 0.2% of the program amount. Again, in Example I – Part A and Part B ~~the example of Appendix A and Appendix B~~, 2% of the program amount is $10M and 0.2% of the program amount is $100K, yielding a cost of loan of $10.1M. Lender 108 preferably makes a loan to Foundation 102 that is, at least in part, collateralized by the insurance policies.

On page 15, edit the paragraph beginning on line 15 as follows:

a3

A specific implementation of the foundation funds generation system and method may be appreciated with respect to Example I - Part A and Part B ~~Appendices A – B~~, which provide a sample implementation of the foundation funds generation system and method. ~~Appendix~~ Part A provides an analysis of the CV required rate of return for years 1-20, assuming a 20 year loan. These figures can be better appreciated with respect to the program overview of ~~Appendix~~ Part B. In this example, the block of individuals is 20,000 people and the program value (or amount) is $500,000,000. The program value includes the cost of the premiums to insure those individual's lives of $479,900,000 (column 3) and the installation fee of $8,000 (column 5), and the initial deposit to the escrow account, to make $500M. A cost of loan fee (or "raise") is $10,100,000, making the total loan value $510,100,000 (columns 2 & 4), as previously described. There is a $0 down payment and the Lender 108 gives a 6.0% interest rate.

On page 16, edit the paragraph beginning on line 4 as follows:

a4

Column 6 of ~~Appendix~~ Part B shows the policy value (or CV) increasing each year. A reinsurance premium of $32,000 per 1,000 lives insured (here 20,000 lives) is paid annually (columns 9 & 10) to Re-insurer 112. In column 7, the amount of reinsured mortality is shown for years 1-20, and the actual mortality is shown for years 20-40 (assuming that it is known). Since reinsurance is only required during the loan term, i.e., years 1-20, the cumulative reinsured mortality is only shown for that period, and reinsurance premiums are not paid beyond year 20.

On page 17, edit the paragraph beginning on line 8 as follows:

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a5

~~Appendix~~ Part B also shows the internal rate of return (IRR) cash inflows/outflows, in year 1 the figures is -$478,340,000, which yields an IRR in year 1 of -0.9888%. This value is arrived at as follows:

On page 20, change "**APPENDIX A**" to "**EXAMPLE I – PART A**"

On page 22, change "**APPENDIX B**" to "**EXAMPLE I – PART B**"